

Russia to Double Gold Production by 2018



The Russian government plans to create the conditions to almost double the production of gold and precious metals in the Far East region until 2018. This is expected to take place as part of a special state program, which is currently being developed by the government.

According to Dmitry Shelekhov, Russia's Deputy Minister for the Development of the Far East, the development of new hardrock gold fields, the completion of modernization of gold processing plants and a more active processing of recycling and waste dumps will allow for an increase of gold production in the Far East region from the current 105 to 180 tons per year.

In addition to gold, the government wants to create the conditions to increase the production of other precious metals in the region and silver and platinum in particular.

According to preliminary data, in 2012, more than 1,200 tons of silver were produced in the Far East region, which is 7% higher than in 2011. The bulk of production (69%) has traditionally come from the Magadan region and in particular Dukat and Lunnoey fields, which are operated by the Serebro Magadana company.

Meanwhile, the region's production of alluvial platinum, last year, reached 4.4 tons, which is close the 2011 amount. The majority of production came from the Amur company at the Conder field.

In the gold mining space, the Far East remains one of Russia's

main mineral resource bases together with the Siberian region, together accounting for Russia's annual gold production.

Since 2009 gold production in the Far East and the whole Russia has significantly increased after declining steeply during the 2000-2009 period. Production grew despite the persistence of some traditional industry problems, such as the depletion of reserves, including the disposal of stocks of large rich deposits, the growth of production costs due to higher wages and tariffs and the imperfect legislative framework.

Russian analysts also believe that one of the major problems, which has been limiting foreign investments in the industry is the existence of restrictions on the development of strategic gold fields (with the volume of reserves starting from 50 tonnes) to foreigners.

However the majority most of these problems could be considered as "easy to settle" in the case of state attention.

As for foreign investors, the government is already considering a package of measures, aimed at attracting them to develop national gold and silver fields, and the removal all of the restrictions for their operation in Russia.

Analysts of Polysgold, Russia's leading gold producer believe that if Russia were to resolve the industry problems, it would, with its gold resources, become the world's second largest producer of precious metals after China.

However, much will depend on the level of state support for the projects and in particular in regard with the development of all the necessary infrastructure for their implementation, which is especially important in case of such a vast and under-populated region as the Far East.

Despite all the problems, Russian analysts remain optimistic

about the future of the Russian gold mining. Should the implementation of some previously announced projects be successful, the volume of gold production in Russia would reach 250-260 tonnes of gold a year with major production centers remaining in the Far East and the Siberian region.

According to Federal Agency for Subsoil Usage in the Far East, there are plans to establish the center of Russian gold production in the Magadan region and the Republic of Sakha (Yakutia) where Yana-Kolyma gold field, one of the world's largest gold fields, presents many similarities with Nevada, the gold-mining region of the US.

The predicted resources of Yana-Kolyma field would allow to start annual gold production in the volume of 120-125 tonnes, starting in 2017 and stopping in 2040, approximately when its reserves are expected to be exhausted.